

TOWNSHIP OF SHERWOOD

FINANCIAL STATEMENTS

MARCH 31, 2005

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>Township of Sherwood Branch</u>	County <u>Branch</u>
Audit Date <u>March 31, 2005</u>	Opinion Date <u>Aug. 24, 2005</u>	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |                                                                     |                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.                                                                                                                                                                                                                             |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).                                                                                                                                                                                                      |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).                                                                                                                                                                                                                |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.                                                                                                                                             |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).                                                                                                                                             |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.                                                                                                                                                                                                                     |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input type="checkbox"/> no            | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).                                                                                                                                                                                                         |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95)                                                                                                                                                                                                                                 |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <u>David F. Looney, CPA, PC</u>			
Street Address <u>6700 N. M. Lele</u>	City <u>Sturgis</u>	State <u>MI</u>	ZIP <u>49091</u>
Accountant Signature <u>Looney CPA</u>			

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## INDEPENDENT AUDITOR'S REPORT

To the Township Board  
Township of Sherwood Branch County  
Sherwood, Michigan

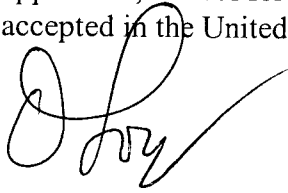
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Sherwood, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Sherwood, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the governmental activities of the Township of Sherwood, Michigan, as of March 31, 2005, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Sherwood, Michigan as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'D. Locey', with a long horizontal flourish extending to the right.

David F. Locey, CPA, PC  
Sturgis, Michigan  
August 24, 2005

Township of Sherwood  
Combined Balance Sheet - All Fund Types  
For the Year Ended March 31, 2005

	Governmental Fund Types		Fiduciary Fund Types
	General Fund	Special Revenue Fund	Tax Collection Fund
<b>ASSETS</b>			
Cash in Bank - Investments	\$67,190	\$20,091	\$42,109
Taxes Receivable - Delinquent	5,577	0	0
Accounts Receivable - State	31,018	0	0
Due from Other Funds	42,109	0	0
Interest Receivable	248	0	0
Prepaid Expense	17,845	0	0
Land	0	0	0
Building and Improvements	0	0	0
Equipment	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 <u>\$163,987</u>	 <u>\$20,091</u>	 <u>\$42,109</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$8,678	\$0	\$0
Accrued Payroll Taxes	484	0	0
Contracts Payable	0	0	0
Due to General Fund	0	0	42,109
	<u>0</u>	<u>0</u>	<u>42,109</u>
 Total Liabilities	 9,162	 0	 42,109
Fund Balance			
Reserved for Cemetery	154,825	0	0
Perpetual Care	0	20,091	0
Investment in General Fixed Assets	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balance	 <u>\$163,987</u>	 <u>\$20,091</u>	 <u>\$42,109</u>

The Notes to Financial Statements are an integral part of this statement.

Account Groups			
General Long-Term Debt	General Fixed Assets	Total (Memorandum Only)	
\$0	\$0	\$129,390	
0	0	5,577	
0	0	31,018	
0	0	42,109	
0	0	248	
0	0	17,845	
0	44,197	44,197	
0	299,152	299,152	
0	354,624	354,624	
17,083	0	17,083	
<u>\$17,083</u>	<u>\$697,973</u>	<u>\$941,243</u>	
\$0	\$0	\$8,678	
0	0	484	
17,083	0	17,083	
0	0	42,109	
17,083		68,354	
0	0	154,825	
0	0	20,091	
0	697,973	697,973	
<u>\$17,083</u>	<u>\$697,973</u>	<u>\$941,243</u>	

Township of Sherwood  
Combined Statement of Revenues, Expenditures, and Changes  
in Fund Balances - All Governmental Fund Types  
For the Year Ended March 31, 2005

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Total (Memorandum Only)
REVENUES			
Property Taxes	\$46,780	\$0	\$46,780
State Collection Fee	4,792	\$0	4,792
Other Taxes	108	0	108
Licenses and Permits	8,328	0	8,328
State Revenue Sharing	138,047	0	138,047
Grant	42,456	0	42,456
Charges for Services:			
Sanitation	5,526	0	5,526
Fire	0	0	0
Cemetery	8,870	0	8,870
Interest	5,402	951	6,353
Miscellaneous	1,388	0	1,388
Total Revenues	261,697	951	262,648
EXPENDITURES			
Legislative:			
Township Board	19,535	0	19,535
General Government:			
Supervisor	7,547	0	7,547
Elections	2,230	0	2,230
Assessor	16,851	0	16,851
Clerks	11,336	0	11,336
Board of Review	283	0	283
Treasurer	15,874	0	15,874
Building and Grounds	44,082	0	44,082
Cemetery	24,789	951	25,740
Public Safety:			
Fire Protection	81,993	0	81,993
Zoning	11,858	0	11,858
Public Works:			
Drains	907	0	907
Highways and Streets	33,466	0	33,466
Sanitation	16,793	0	16,793

The Notes to Financial Statements are an integral part of this statement.



Township of Sherwood  
Combined Statement of Revenues, Expenditures, and Changes  
in Fund Balances - All Governmental Fund Types (Continued)  
For the Year Ended March 31, 2005

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
Culture and Recreation:			
Parks	550	0	550
Other:			
Debt Service	<u>8,967</u>	<u>0</u>	<u>8,967</u>
Total Expenditures	<u>297,061</u>	<u>951</u>	<u>298,012</u>
Excess of Revenues over (under) Expenditures	(35,364)	0	(35,364)
FUND BALANCE - April 01, 2004	<u>190,189</u>	<u>20,091</u>	<u>210,280</u>
FUND BALANCE - March 31, 2005	<u>\$154,825</u>	<u>\$20,091</u>	<u>\$174,916</u>

Township of Sherwood  
Combined Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual - All Governmental Types  
For the Year Ended March 31, 2005

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property Taxes	\$48,000	\$46,780	(\$1,220)
State Collection Fee	0	4,792	4,792
Other Taxes	0	108	108
Licenses and Permits	6,500	8,328	1,828
State Revenue Sharing	140,000	138,047	(1,953)
Grant	0	42,456	42,456
Charges for Services:			
Sanitation	9,300	5,526	(3,774)
Fire	6,000	0	(6,000)
Cemetery	8,000	8,870	870
Interest	2,500	5,402	2,902
Miscellaneous	8,500	1,388	(7,112)
Total Revenues	228,800	261,697	32,897
EXPENDITURES			
Legislative:			
Township Board	20,850	19,535	1,315
General Government:			
Supervisor	7,650	7,547	103
Elections	1,840	2,230	(390)
Assessor	16,600	16,851	(251)
Clerks	11,220	11,336	(116)
Board of Review	750	283	467
Treasurer	16,000	15,874	126
Building and Grounds	5,600	44,082	(38,482)
Cemetery	20,930	24,789	(3,859)
Public Safety:			
Fire Protection	85,320	81,993	3,327
Zoning	12,150	11,858	292
Public Works:			
Drains	1,000	907	93
Highways and Streets	30,000	33,466	(3,466)
Sanitation	17,000	16,793	207

The Notes to Financial Statements are an integral part of this statement.

Special Revenue Fund			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$48,000	\$46,780	(\$1,220)
0	0	0	0	4,792	4,792
0	0	0	0	108	108
0	0	0	6,500	8,328	1,828
0	0	0	140,000	138,047	(1,953)
0	0	0	0	42,456	42,456
0	0	0	9,300	5,526	(3,774)
0	0	0	6,000	0	(6,000)
0	0	0	8,000	8,870	870
951	951	0	3,451	6,353	2,902
0	0	0	8,500	1,388	(7,112)
951	951	0	229,751	262,648	32,897
0	0	0	20,850	19,535	1,315
0	0	0	7,650	7,547	103
0	0	0	1,840	2,230	(390)
0	0	0	16,600	16,851	(251)
0	0	0	11,220	11,336	(116)
0	0	0	750	283	467
0	0	0	16,000	15,874	126
0	0	0	5,600	44,082	(38,482)
951	951	0	21,881	25,740	(3,859)
0	0	0	85,320	81,993	3,327
0	0	0	12,150	11,858	292
0	0	0	1,000	907	93
0	0	0	30,000	33,466	(3,466)
0	0	0	17,000	16,793	207

Township of Sherwood  
Combined Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Budget and Actual - All Governmental Types(Continued)  
For the Year Ended March 31, 2005

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Culture and Recreation			
Parks	850	550	300
Library	550	0	550
Other:			
Debt Service	8,950	8,967	(17)
 Total Expenditures	<u>257,260</u>	<u>297,061</u>	<u>(39,801)</u>
 Excess of Revenues over (under) Expenditures	(28,460)	(35,364)	(6,904)
 FUND BALANCE - April 01, 2004	<u>183,285</u>	<u>183,285</u>	<u>0</u>
 FUND BALANCE - March 31, 2005	<u>\$154,825</u>	<u>\$147,921</u>	<u>(\$6,904)</u>

The Notes to Financial Statements are an integral part of this statement.

Special Revenue Fund			Total (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	850	550	300
0	0	0	550	0	550
0	0	0	8,950	8,967	(17)
951	951	1902	258,211	298,012	(39,801)
0	0	0	(28,460)	(35,364)	(6,904)
20,091	20,091	0	203,376	203,376	0
<u>\$20,091</u>	<u>\$20,091</u>	<u>\$0</u>	<u>\$174,916</u>	<u>\$168,012</u>	<u>(\$6,904)</u>

Township of Sherwood, Branch County, Michigan  
Notes to Financial Statements  
For the Year Ended March 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Sherwood Township, Branch County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Speical Revenue Fund

Fund activity reports Cemetery Perpetual Care.

Fiduciary Fund

The Current Tax Collection is used to account for assets held as an agent for others.

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the general long-term debt of the local unit.

Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements contain all the funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

#### Accumulated Unpaid Benefits

Employees are not allowed to accumulate vacation and sick pay and therefore, no accumulated amount has been shown in the General Long-Term Debt Group of Accounts in accordance with Governmental Accounting Standards Board's Statement No. 16 "Accounting for Compensated Absences."

#### Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

#### Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Township's 2004 tax roll millage rate was .92970, and the assessed value was \$52,744,500.

#### Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts which is required by generally accepted accounting principles.

#### Investments

Investments are stated at market value all represented by money market accounts.

#### Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

#### Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts, and other commitments for future expenditures are not recorded.



Township of Sherwood, Branch County, Michigan  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2005

NOTE 2 - CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows:

	Balance 04/01/04	Additions	Deletions	Balance 03/31/05
Land and Improvements	\$44,197	\$34,829	\$0	\$79,026
Building and Improvements	299,152	0	0	299,152
Equipment	354,624	51,349	0	405,973
Total	<u>\$697,973</u>	<u>\$86,178</u>	<u>\$0</u>	<u>\$784,151</u>

NOTE 3 - PENSION PLAN

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2005, was \$2,063.

NOTE 4 - CHANGES IN GENERAL LONG-TERM DEBT

	Balance 04/01/04	Additions	Deletions	Balance 03/31/05
Contract Payable	<u>\$26,050</u>	<u>\$0</u>	<u>\$8,967</u>	<u>\$17,083</u>

NOTE 5 - CONTRACT PAYABLE

On March 10, 2002 the Township entered into an installment purchase agreement, in the amount of \$40,0000 to fund fire equipment. The payment is \$744.12 monthly including interest, as of March 31, 2005 the outstanding principal balance is \$17,083 and is recorded in the General Long-Term Debt Account Group.

NOTE 6 - GASB 34 REPORTING FINANCIAL

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/05, also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

Township of Sherwood, Branch County, Michigan  
Notes to Financial Statements - Continued  
For the Year Ended March 31, 2005

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>\$42,109</u>	Current Tax Collection	<u>\$42,109</u>

NOTE 8 - POSTEMPLOYMENT BENEFITS

The Township provides no postemployment benefits to past employees.

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 10 - DEPOSITS

The Government Accounting Standards Board (GASB) Statement No. 3 risk disclosure for deposits at year end are as follows:

<u>Deposits</u>	<u>Bank Balances</u>
Insured FDIC	<u>\$129,390</u>
Total Deposits	<u>\$129,390</u>

NOTE 11 - TOTAL - MEMORANDUM ONLY

The general purpose financial statements present total columns for the year ended March 31, 2005, which aggregate the columnar statements by fund type and account group. These columns are presented only for comparative purposes and should not be construed as presenting consolidated financial information.

Township of Sherwood  
General Fund  
Balance Sheet  
For the Year Ended March 31, 2005

ASSETS

Cash in Bank - Investments	\$67,190
Taxes Receivable - Delinquent	5,577
Accounts Receivable - State	31,018
Due from Other Funds	42,109
Prepaid Expense	17,845
Interest Receivable	<u>248</u>
 Total Assets	 <u><u>\$163,987</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Accounts Payable	\$8,678
Accrued Payroll Taxes	<u>484</u>
 Total Liabilities	 9,162
 Fund Balance	
Unreserved	<u>154,825</u>
 Total Liabilities and Fund Balance	 <u><u>\$163,987</u></u>

Township of Sherwood  
General Fund Expenditures by Detailed Account  
For the Year Ended March 31, 2005

Township Board:	
Wages	\$1,727
Payroll Taxes	5,097
Pension	2,063
Legal	810
Printing and Publishing	2,481
Insurance	2,720
Repairs and Maintenance	582
Miscellaneous	963
Equipment	1,016
Memberships and Dues	2,076
	<hr/>
Total Township Board	19,535
Supervisor:	
Salary	7,350
Supplies	7
Mileage	190
	<hr/>
Total Supervisor	7,547
Elections:	
Wages	736
Printing and Publishing	1,094
Repairs and Maintenance	400
	<hr/>
Total Elections	2,230
Assessor:	
Contracted Services	16,851
	<hr/>
Total Assessor	16,851
Clerk:	
Salary	10,110
Mileage	150
Supplies	1,076
	<hr/>
Total Clerk	11,336
Board of Review:	
Wages	283
	<hr/>
Total Board of Review	283

The Notes to Financial Statements are an integral part of this statement.

Township of Sherwood  
General Fund Expenditures by Detailed Account - Continued  
For the Year Ended March 31, 2005

Treasurer:	
Salary	13,592
Supplies-Postage	1,913
Mileage and Miscellaneous	369
	<hr/>
Total Treasurer	15,874
Building and Grounds	
Wages	288
Supplies	71
Utilities and Telephone	3,128
Land Purchase	34,829
Repairs, Maintenance, and Miscellaneous	5,766
	<hr/>
Total Building and Grounds	44,082
Cemetery:	
Wages	20,036
Miscellaneous	326
Insurance	2,100
Utilities	96
Repairs and Maintenance	2,231
	<hr/>
Total Cemetery	24,789
Fire Protection	
Wages - Supervisor	6,240
Wages - Volunteers	8,162
Supplies	0
Miscellaneous	0
Gas and Oil	613
Insurance	14,819
Repairs and Maintenance	1,501
Memberships and Dues	325
Equipment	50,333
	<hr/>
Total Fire Protection	81,993
Zoning:	
Wages - Administration	10,147
Supplies	421
Miscellaneous	730
Mileage	560
	<hr/>
Total Zoning	11,858

The Notes to Financial Statements are an integral part of this statement.

Township of Sherwood  
General Fund Expenditures by Detailed Account - Continued  
For the Year Ended March 31, 2005

Highways and Streets:	
Contracted Services	19,739
Repairs and Maintenance	<u>13,727</u>
Total Highways and Streets	33,466
Sanitation:	
Contracted Services	<u>16,793</u>
Total Sanitation	16,793
Parks:	
Donations	<u>550</u>
Total Parks	550
Drains	<u>907</u>
Total Drains	907
Debt Service	<u>8,967</u>
Total Expenditures	<u><u>\$297,061</u></u>

Township of Sherwood  
Special Revenue Fund  
Balance Sheet  
For the Year Ended March 31, 2005

ASSETS

Cash in Bank - Investments	<u>\$20,091</u>
Total Assets	<u><u>20,091</u></u>

FUND BALANCE

Fund Balance Reserved for Cemetery Perpetual Care	<u>20,091</u>
Total Fund Balance	<u><u>\$20,091</u></u>

Township of Sherwood  
Statement of Revenues, Expenses, and Changes  
in Fund Balance - Cemetery Perpetual Care Fund  
For the Year Ended March 31, 2005

Nonoperating Income and (Expenses):

Interest Income	\$951
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Expenditures

Maintenance	<u>(951)</u>
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Total Revenues in Excess of Expenses	0
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FUND BALANCE - April 01, 2004	<u>20,091</u>
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FUND BALANCE - March 31, 2005	<u><u>\$20,091</u></u>
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Township of Sherwood  
Tax Collection Fund  
Balance Sheet  
For the Year Ended March 31, 2005

ASSETS

Cash in Bank	<u>\$42,109</u>
Total Assets	<u><u>\$42,109</u></u>

LIABILITIES

Liabilities	
Due to General Fund	<u>\$42,109</u>
Total Liabilities	<u><u>\$42,109</u></u>

Township of Sherwood  
Combining Statement of Changes in Asset and Liabilities  
Tax Collection Fund  
For the Year Ended March 31, 2005

	<u>Balance</u> <u>April 01, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>March 31, 2005</u>
ASSETS				
Cash	<u>\$43,471</u>	<u>\$1,169,589</u>	<u>\$1,170,951</u>	<u>\$42,109</u>
LIABILITIES				
Due to general fund	\$43,471	\$42,109	\$43,471	\$42,109
Due to Other	<u>0</u>	<u>1,127,480</u>	<u>1,127,480</u>	<u>0</u>
Total Liabilities	<u>\$43,471</u>	<u>\$1,169,589</u>	<u>\$1,170,951</u>	<u>\$42,109</u>

Phone (269) 651-4225  
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board  
Sherwood Township  
Branch County, Michigan

We have audited the general purpose financial statements of the Sherwood Township, as of and for the year ended March 31, 2005, and have issued our report thereon dated August 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Sherwood Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

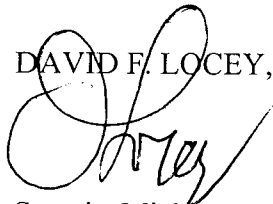
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Sherwood Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

A handwritten signature in black ink, appearing to read 'D. Lochey', is written over the printed name.

Sturgis, Michigan  
August 24, 2005

**David F. Locey, CPA, PC**

P.O. Box 7037  
67036 N. M-66  
Sturgis, MI 49091

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### COMMENTS AND RECOMMENDATIONS

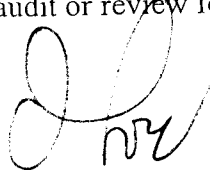
Township Board  
Township of Sherwood  
Branch County  
Sherwood, MI 49089

Since the Township only gets audited every two years, and keeps its records on a cash basis, the general ledger does not reflect current balances in several accounts.

#### Recommendations:

- 1.) Post all adjusting entries to general ledger as of March 31, 2005.
- 2.) Consider getting an annual audit or review prepared to accurately adjust balances at the end of each fiscal year.
- 3.) New software has been installed which should improve records considerably.
- 4.) During the process of the audit, we noted that some deposits are not made timely. To insure the accuracy of records and safekeeping of assets, all money needs to be deposited daily.

Your cooperation during the audit process is greatly appreciated, if you would like information on audit or review fees we would be glad to provide the information.



David F. Locey, C.P.A., P.C.  
August 24, 2005